

HOUSE BILL REPORT

HB 1092

As Reported by House Committee On:
Economic Development, Agriculture & Trade

Title: An act relating to the rural Washington loan fund.

Brief Description: Modifying rural Washington loan fund provisions.

Sponsors: Representatives Grant, Newhouse, Kristiansen and Linville; by request of Department of Community, Trade, and Economic Development.

Brief History:

Committee Activity:

Economic Development, Agriculture & Trade: 1/25/05, 2/2/05 [DP].

Brief Summary of Bill

- Authorizes the Rural Washington Loan Fund to retain the interest earnings the fund generates.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, AGRICULTURE & TRADE

Majority Report: Do pass. Signed by 23 members: Representatives Linville, Chair; Pettigrew, Vice Chair; Kristiansen, Ranking Minority Member; Skinner, Assistant Ranking Minority Member; Blake, Buri, Chase, Clibborn, Condotta, Dunn, Grant, Haler, Holmquist, Kenney, Kilmer, Kretz, McCoy, Morrell, Newhouse, Quall, Strow, P. Sullivan and Wallace.

Staff: Tracey Taylor (786-7196).

Background:

The Rural Washington Loan Fund (RWLF) is a federally-funded loan program administered by the Department of Community, Trade and Economic Development (DCTED). In order to receive a loan, the project must: result in the creation of employment opportunities, the maintenance of threatened employment or development or expansion of business ownership by minorities and women; conform with federal rules and regulations governing the spending of federal community block grants; be of public benefit and for a public purpose; probably be successful; and need the loan in order to be completed. Except those made to women and minority owned businesses, 80 percent of the appropriated funds are to be made available for projects in distressed areas.

Sixty-six projects in 13 counties have received over \$16 million in public moneys leading to public development investment of over \$136 million. Federal requirements mandate that earnings on federal moneys remain with the program.

Summary of Bill:

The state Treasurer is directed to transfer monthly to the RWLF its proportionate share of earnings based upon the fund's average daily balance.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and Section 1 takes effect July 1, 2005 and expires July 1, 2006. Section 2 takes effect July 1, 2006.

Testimony For: The DCTED uses the RWLF to make loans to qualified businesses. The RWLF makes up about 23 percent of DCTED's Business Finance Unit's portfolio. This bill is purely technical, codifying a current practice as required by federal law and confirmed by a 1992 Attorney General Opinion: That federal fund accounts must retain their interest earnings. There should be no fiscal impact to the state general fund as the state Treasurer has been transferring the earnings already.

Testimony Against: None.

Persons Testifying: (In support) Jim Keogh, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: None.